
COSTA BEIJING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011

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COSTA BEIJING LIMITED

COMPANY INFORMATION

DIRECTORS	J Derkach A Marshall
COMPANY SECRETARY	RW Fairhurst
COMPANY NUMBER	6190419
REGISTERED OFFICE	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
AUDITORS	Ernst and Young Statutory Auditor Apex Plaza Forbury Road Reading Berkshire RG1 1YE

COSTA BEIJING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 3 MARCH 2011**

The directors present their report and the financial statements for the year ended 3 March 2011

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the Company is that of a holding company

DIRECTORS

The directors who served during the year were

J Derkach
A Marshall

All fees paid to directors as remuneration are borne by the parent company and it is not practical to allocate the amount for services in respect of this company

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying indemnity provision (as defined in Section 236 (1) of the Companies Act 2006) is in force for the benefit of the directors

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

AUDITORS

The auditors, Ernst and Young, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 17 NOVEMBER 2011 and signed on its behalf


.....
Secretary
R FAIRHURST

COSTA BEIJING LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 3 MARCH 2011**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COSTA BEIJING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COSTA BEIJING LIMITED

We have audited the financial statements of Costa Beijing Limited for the year ended 3 March 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 3 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

COSTA BEIJING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COSTA BEIJING LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Ernst & Young LLP

Debbie O'Hanlon (Senior statutory auditor)
for and on behalf of

Ernst and Young

Statutory Auditor

Reading

Date *22 November 2011*

COSTA BEIJING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 MARCH 2011**

	Note	Year ended 3 March 2011 £	Year ended 4 March 2010 £
Administrative expenses		-	(207,275)
OPERATING PROFIT/(LOSS)	2	-	(207,275)
Interest payable and similar charges	4	(19,335)	(30,339)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(19,335)	(237,614)
Tax on loss on ordinary activities	5	5,414	8,495
LOSS FOR THE FINANCIAL PERIOD	10	(13,921)	(229,119)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 7 to 10 form part of these financial statements

COSTA BEIJING LIMITED
REGISTERED NUMBER: 6190419

BALANCE SHEET
AS AT 3 MARCH 2011

	Note	£	3 March 2011 £	£	4 March 2010 £
FIXED ASSETS					
Investments	6		2,599,137		1,202,255
CURRENT ASSETS					
Debtors	7	5,414		19,400	
Cash in hand		11,003		17,668	
		<u>16,417</u>		<u>37,068</u>	
CREDITORS amounts falling due within one year	8	(2,886,400)		(1,496,248)	
NET CURRENT LIABILITIES			<u>(2,869,983)</u>		<u>(1,459,180)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(270,846)</u>		<u>(256,925)</u>
CAPITAL AND RESERVES					
Called up share capital	9		2		2
Profit and loss account	10		(270,848)		(256,927)
SHAREHOLDERS' DEFICIT	11		<u>(270,846)</u>		<u>(256,925)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 NOVEMBER 2011

.....
Director

J DERKACH

The notes on pages 7 to 10 form part of these financial statements

COSTA BEIJING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MARCH 2011

1. ACCOUNTING POLICIES

1.1 Authorisation

The financial statements of Costa Beijing Limited for the year ended 03 March 2011 were authorised for issue by the Board of Directors on 17 NOVEMBER 2011

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.4 Going concern

The Company's principal activities together with the factors likely to effect its future development, performance and position are set out in the Principal Activities above. The financial position of the Company is set out in the following accounts

At 03 March 2011, the Company's liabilities exceeded its assets by £ 270,846. The accounts have been prepared on the going concern basis on the grounds that the parent company has undertaken to provide continuing financial support for the foreseeable future.

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

2 OPERATING PROFIT/(LOSS)

All fees paid to directors as remuneration are borne by the parent company

Audit fees for the year were paid by the parent company, Whitbread PLC. Information about the total audit fees paid by the Group can be found in the Whitbread PLC report and financial statements for the year ended 03 March 2011

COSTA BEIJING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

3. STAFF COSTS

The Company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL)

4 INTEREST PAYABLE

	Year ended 3 March 2011 £	Year ended 4 March 2010 £
On loans from group undertakings	19,335	30,339

5. TAXATION

	Year ended 3 March 2011 £	Year ended 4 March 2010 £
UK corporation tax credit on loss for the year	(5,414)	(8,495)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2010 - higher than) the standard rate of corporation tax in the UK of 28.00% (2010 - 28.00%). The differences are explained below

	Year ended 3 March 2011 £	Year ended 4 March 2010 £
Loss on ordinary activities before tax	(19,335)	(237,614)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.00% (2010 - 28.00%)	(5,414)	(66,532)
Effects of:		
Expenses not deductible for tax purposes	-	58,037
Current tax credit for the year (see note above)	(5,414)	(8,495)

Factors that may affect future tax charges

In his budget of 22 June 2010, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 28% to 24%, phased over a period from April 2011 to April 2014. An additional 1% reduction, with effect from April 2011, was announced in the budget of 23 March 2011.

The rate change will impact the amount of the future cash tax payment to be made by the Company.

COSTA BEIJING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

6. FIXED ASSET INVESTMENTS

	Investment in joint ventures £	Loans to joint ventures £	Total £
Cost or valuation			
At 5 March 2010	1,202,255	-	1,202,255
Additions	-	1,396,882	1,396,882
At 3 March 2011	<u>1,202,255</u>	<u>1,396,882</u>	<u>2,599,137</u>
Net book value			
At 3 March 2011	<u>1,202,255</u>	<u>1,396,882</u>	<u>2,599,137</u>
At 4 March 2010	<u>1,202,255</u>	<u>-</u>	<u>1,202,255</u>

Joint ventures

Name	Country of incorporation	Holding	Principal activity
Beijing Hualian Costa Food and Beverage Management Company Limited	China	50%	Coffee Retailer

7. DEBTORS

	3 March 2011 £	4 March 2010 £
Amounts owed by group undertakings	<u>5,414</u>	<u>19,400</u>

**8. CREDITORS:
Amounts falling due within one year**

	3 March 2011 £	4 March 2010 £
Amounts owed to group undertakings	<u>2,886,400</u>	<u>1,496,248</u>

9. SHARE CAPITAL

	3 March 2011 £	4 March 2010 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

COSTA BEIJING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

10. RESERVES

	Profit and loss account £
At 5 March 2010	(256,927)
Loss for the year	(13,921)
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At 3 March 2011	(270,848)
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11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	3 March 2011 £	4 March 2010 £
Opening shareholders' deficit	(256,925)	(27,806)
Loss for the year	(13,921)	(229,119)
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Closing shareholders' deficit	(270,846)	(256,925)
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12. RELATED PARTY TRANSACTIONS

The Company is a wholly-owned subsidiary of Whitbread PLC, the ultimate controlling entity of the Group, and has taken advantage of the exemption given in Financial Reporting Standard No 8 not to disclose transactions with other group companies

13 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Costa International Limited The ultimate parent undertaking is Whitbread PLC

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Whitbread Group PLC, registered in England and Wales Copies of their accounts can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Whitbread PLC, registered in England and Wales Copies of their accounts can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE